GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1903
ANSWERED ON:03.08.2001
BALANCE OF PAYMENT POSITION
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Will the Minister of FINANCE be pleased to state:

(a): whether the situation of balance of payments of the country is not sound;

(b): if so, the details thereof alongwith the reasons for reaching this stage; and

(c): the action taken by the Government to solve this problem ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)& (b): India`s balance of payments (BOP) position remained comfortable, despite a very unfavourable world economic and financial situation as a fall out of the crisis in Asia and hardening of international oil prices. The deficit in the current account of BOP, which was 1.0 per cent of GDP in1999-2000, narrowed down to 0.5 per cent of GDP in 2000-01. Foreign exchange reserves (including gold & SDRs) had increased by US $5546 million in 1999-2000 andUS $4245 million in2000-01. They have increased further by US $1323million in the current financial year upto July 20, 2001.

(c): The country`s balance of payments position is monitored closely both by the Government and the Reserve Bank of India and appropriate measures are taken, when necessary, to increase the growth of exports and invisible receipts and to enhance the level of non-debt creating capital flows, particularly of foreign investments, so as to help maintain a viable balance of payments position and an adequate level of foreign exchange reserves.